



WAKE COUNTY
PUBLIC SCHOOL SYSTEM

TECHNOLOGY SERVICES DIVISION

3600 WAKE FOREST ROAD
RALEIGH, NORTH CAROLINA 27609

PHONE: 919.431.8168

FAX: 919.501.7940

Received & Inspected

AUG 31 2009

FCC Mail Room

August 28, 2009

ORIGINAL

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: CC Docket No. 02-6, Request for Review of Recovery Amount Specified Against
Funding Year 2004 Form 471 Application Number 398734, FRN 1136056, BEN 126877,
FCC RN 0006195887

This letter officially requests a review of the demand payment amount of \$9,964.00 noted in the Funding Disbursement Recovery Report which is included as part of the July 13, 2009 Demand Payment Letter, a copy of which is provided. It is our stance the amount exceeds the actual amount noted for recovery in USAC's Management Response to the KPMG audit conducted in 2006 under the Audit ID SL2006312. A copy of the Management Response is provided for reference purposes.

As noted in the Management Response to Comment No. 126877-2005-B-01, "USAC agrees that funds should not have been disbursed to the ineligible entity, **however, recovery is not warranted.**" This is due to the fact that our district had other eligible costs which totaled more than \$17,401 and which were not accounted for in the approved amount cited in the funding commitment. Therefore it was deemed the district could have received additional discounts against eligible expenses in excess of the amount received against the ineligible entity.

As noted in the Management Response to Comment No. 126877-2005-B-02, "USAC . . . will seek recovery of \$915.00 for the services delivered to ineligible sites." This was related to phone lines provided to board members private residences. This is the only recovery amount cited and is the only amount we believe should be reimbursed.


I would also point out I had email conversations with Brian Murphy, USAC Assistant Program Manager of Audit Response, on January 10, 2008 as well as phone and email conversations with Michele Levy Berlove, FCC Enforcement Bureau Investigations & Hearings Division, in May 2008. These conversations were follow-up to the audit and the findings that had been cited to confirm our district had taken steps to assure compliance. In none of these conversations was it mentioned that any additional amounts over and above the \$915.00 would be required for reimbursement against FRN 1136056.

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An initial appeal was submitted to USAC on August 10 in regards to the Demand Payment Letter. USAC immediately responded with a dismissal of the appeal citing the Demand Payment Letter is not an appealable document. As I had noted in my email request to the SLD (Case #21-922773) as well as a July 16 follow-up call to the SLD, I never received the Notification of Improperly Disbursed Funds Letter which was supposed to precede the demand letter so the only letter I could reference was the demand letter. In neither the electronic response to my case number nor my follow-up call to the SLD was it relayed that the demand letter was not an appealable document.

In light of the above, I request that the Funding Disbursement Recovery Report be adjusted down to \$915.00, the amount cited in Comment No. 126877-2005-B-02 of the USAC Management Response. If further clarification is required, I can be reached at 919-431-8168 or through email at kcooper@wcpss.net.

Sincerely,

A handwritten signature in black ink that reads "Keith Cooper". The signature is written in a cursive, slightly slanted style.

Keith Cooper
Senior Administrator

Attachments: Demand Payment Letter dated July 13, 2009
USAC Management Response dated July 30, 2007

cc: Francine Pearce, WCPSS E-Rate Administrator
Fay Reed, BellSouth Telecommunications, Inc.



Universal Service Administrative Company

Schools & Libraries Division

Demand Payment Letter

Funding Year 2004: July 1, 2004 - June 30, 2005

July 13, 2009

Keith Cooper

WAKE COUNTY, NORTH CAROLINA PUBLIC SCHOOL SYSTEM

3600 Wake Forest Road

Raleigh, NC 27609

Re: Form 471 Application Number: 398734
Funding Year: 2004
Applicant's Form Identifier: Year2004471A
Billed Entity Number: 126877
FCC Registration Number: 0006195887
SPIN: 143004824
Service Provider Name: BellSouth Telecommunications, Inc.
Service Provider Contact Person: Fay Reed
Payment Due By: 8/12/2009

You were recently sent a Notification of Improperly Disbursed Funds Letter informing you of the need to recover funds from you for the Funding Request Number(s) (FRNs) listed on the Funding Disbursement Recovery Report (Report) of that letter. A copy of that Report is also attached to this letter.

The balance of this debt is due within 30 days from the date of this letter. Failure to pay the debt within 30 days from the date of this letter could result in interest, late payment fees, administrative charges, and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Information Notice to All Universal Service Fund Contributors, Beneficiaries, and Services Providers" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

If the Universal Service Administrative Company (USAC) has determined that both the applicant and the service provider are responsible for a Program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181), the USAC will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If USAC has determined that both the applicant and the service provider are responsible for a Program rule violation, this was indicated in the Disbursed Funds Recovery Explanation on the Funding Disbursement Recovery Report.

If USAC is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with your service provider to

Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981
Visit us online at: www.usac.org/sl

Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt is paid in a timely manner.

Please remit payment for the full "Funds to be Recovered from Applicant" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674
Phone: 877-994-7272

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661
Phone: 877-994-7272

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

Payment is due within 30 days from the date of this letter.

Complete Program information is posted to the SLD section of the USAC website at www.usac.org/sl/. You may also contact the SLD Client Service Bureau by email using the "Submit a Question" link on the SLD website, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Service Administrative Company
Schools and Libraries Division

cc: *Fay Reed*

BellSouth Telecommunications, Inc.

Funding Disbursement Recovery Report
Form 471 Application Number: 398734

Funding Request Number: 1136056
Contract Number: BellSouth Centrex 2002
Services Ordered: TELCOMM SERVICES
Billing Account Number: 919 M43 0802 503
Funding Commitment: \$596,955.84
Funds Disbursed to Date: \$596,955.84
Funds to be Recovered from Applicant: \$9,964.00

Disbursed Funds Recovery Explanation:

After a thorough investigation, it has been determined that funds were improperly disbursed for this funding request. During the course of an audit it was determined that services were provided to ineligible entities. FCC rules dictate that discounts are to be provided only to entities eligible to receive funding. Project Enlightenment School, a pre-elementary school received a total of 78 telephone lines with extended features like call forwarding, three-way calling, etc. Pre-elementary schools in the State of North Carolina are not eligible for Schools and Libraries Program funding as determined in State law. USAC will seek recovery of \$9,049.00 (\$17,401.00*52%) for this ineligible entity. Additionally, the District included discounted charges amounting to \$915.00 (\$1,759.00*52%) in its FCC Form 472 for services rendered at Board of Education members' homes. These sites were deemed to be ineligible for receiving SLSM discounts as they were not used primarily for educational purposes. Accordingly, USAC is seeking recovery of \$9,964.00 for services that were not utilized in accordance with program rules.

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CHECK TO ENSURE TIMELY PROCESSING



USAC Management Response

Date: July 30, 2007

Subject: IPIA (Improper Payment Information Act) Audit of the Schools and Libraries Program at Wake County Public School District for FRN 1136056 Audit ID SL2006312.

USAC management has reviewed the IPIA Audit of the Wake County Public School District for FRN 1136056 in Funding Year 2004. Our response to the audit is as follows:

Comment No. 126877-2005-B-01

Wake County Public School System ("District") included the Project Enlightenment School (Entity No. 28399), an ineligible facility, in the FCC Form 471 for the selected FRN. During the course of our examination, we learned that the Project Enlightenment School is a pre-elementary school. The facility received a total of 78 telephone lines with extended features like call forwarding, three-way calling etc. According to information reflected in the "Eligibility Table for Non-traditional K-12 Students and Facilities" that is found on the Universal Service Administrative Company ("USAC") website, pre-elementary schools in the State of North Carolina are not eligible for Schools and Libraries Program funding as determined in State law. The charges invoiced by the service provider for various phone lines and their features at this school facility in Funding Year 2004 amounted to \$17,401. The District did, however have other eligible costs of more than \$17,401 in excess of the funding commitment which were included on its FCC Form 472.

Management Response:

While the beneficiary included an ineligible entity on the FCC Form 471, they had other eligible costs to offset the improper disbursement. USAC agrees that funds should not have been disbursed to the ineligible entity, however, recovery is not warranted. USAC management concurs with the comment, and recommendation.

Comment No. 126877-2005-B-02

The District included undiscounted charges amounting to \$1,759 in its FCC Form 472 for services rendered at Board of Education members' homes. These sites were deemed to be ineligible for receiving SLSP discounts as they were not used primarily for educational purposes.

Management Response:

USAC management concurs with the comment, effect, and recommendation and will seek recovery of \$915.00 for the services delivered to ineligible sites.

Comment No. 126877-2005-B-03

The District did not retain documents to support the projected student count and NSLP data as indicated in FCC Form 471 Block 4 for East Cary Middle School, a facility that the District designated for use during Funding Year 2004 as a ninth grade center to relieve overcrowding in surrounding high schools.

Management Response:

USAC management concurs with the comment, effect, and recommendation.

Comment No. 126877-2005-B-04

The District received E-Rate discounted services at locations that were not specified in Block 4 of the FCC Form 471 associated with the selected FRN. When the District filed its FCC Form 471 # 398734, it specified 110 locations (i.e., eligible schools) in Block 4 of the FCC Form 471. However, the District sought and received reimbursement for charges invoiced by the service provider for services received in facilities not included in the 110 locations in the FCC Form 471. Facilities not listed in the FCC Form 471 that received discounts included six (6) new schools that opened during the funding year, a "swing space" school that accommodated students from another school that was under renovation, and non-instructional administrative sites.

Management Response:

USAC management concurs with the comment, effect, and recommendation.

This concludes the USAC management response to the audit.